



STATE OF CALIFORNIA  
BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
**DEPARTMENT OF CORPORATIONS**  
California's Investment and Financing Authority

## **NEWS RELEASE**

Arnold Schwarzenegger, Governor

06-06  
Preston DuFauchard, Commissioner

**FOR IMMEDIATE RELEASE**

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Contact: Susie Wong,  
(916) 324-9011

### **CALIFORNIA DEPARTMENT OF CORPORATIONS FILES FRAUD CHARGES AGAINST UNLICENSED INVESTMENT ADVISER IN COSTA MESA**

*Senior citizens commonly received a free lunch at seminars*

(Sacramento, CA)—The California Department of Corporations (DOC) announced that it has charged Steven Arthur Scott of Costa Mesa, doing business as Benchmark Financial Services, with fraudulently operating as an investment adviser. Scott made recommendations to some 40 clients, primarily seniors, who invested \$15 million in mutual funds. Benchmark Financial received an average of at least \$150,000 annually in commissions for providing recommendations and mutual fund research.

The Orange County Superior Court issued a temporary restraining order, prohibiting Scott from conducting business as an investment adviser without a state license, and forbidding the destruction or alteration of the firm's books and records. In addition, the order precludes Scott from distributing solicitation materials containing client testimonials, conduct prohibited by state law, and falsely claiming he is licensed.

Benchmark Financial hosted seminars where seniors commonly received free lunches at such establishments as Mission Viejo Country Club, Tustin Ranch Golf Club, Anaheim Hills Country Club, Sea Cliff Country Club, Summit House Restaurant, and Mile Square Park Fount Valley.

"During the investigation, Benchmark Financial admitted that the company lacked a state license to operate as an investment adviser," notes Corporations Commissioner Preston DuFauchard, whose office is responsible for state licensing and regulating such entities.

In 1995, the NASD censured and fined Scott \$2,500 for providing financial planning and advisory services outside of his employer's broker-dealer business. Then in 2000, the NASD once again fined Scott \$15,000 and barred him from association with any NASD firm for two years.

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Superior Court Judge Kirk Nakamura has set a hearing on July 7, 2006, to consider a preliminary injunction.

DOC Counsel Alex Calero is responsible for this case.

The Department of Corporations is California's investment and financing authority and is responsible for the regulation, enforcement, and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, and payday lenders. Contact our toll-free consumer resource center at 1-866-ASK-CORP (275-2677) for information or to obtain a consumer complaint form. Please visit DOC's Web site at [www.corp.ca.gov](http://www.corp.ca.gov).

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